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To: All Hospitals **HOSP 22**

From: Jan Eakins, Chief
Provider Regulation and Quality Improvement Section

via: Susan Schroeder, Director
Bureau of Quality Assurance

Wisconsin Rural Hospital Flexibility Program—Critical Access Hospitals

The purpose of this memorandum is to inform you of language in the federal Balanced Budget Refinement Act of 1999 (BBRA-99) (Public Law 106-113) that affects Chapter HFS 124, Wis. Adm. Code—Hospitals, Subchapter VI—Critical Access Hospitals (CAH). The BBRA-99 includes amendments that expand the eligibility conditions under which certain hospitals may apply for a CAH status. It also redefines the 96-hour inpatient stay limits for existing CAHs. These amendments are described below.

Department will integrate the BBRA-99 additions and amendments as other revisions are made to Chapter HFS 124. During the interim, the Department will implement the BBRA-99 changes by incorporating them into the CAH application materials and as a directive to existing CAHs. The effective date of the BBRA-99 changes is January 1, 2000.

1. Under the BBRA-99, **rural for-profit hospitals**, meeting the *Wisconsin Rural Health Plan,* and the "Potential Pool of Applicants" selection criteria, may now enter the application processes for a Critical Access Hospital (CAH) certification.

2. A hospital that was closed within ten years before the effective date of the BBRA-99 may apply for a CAH status if the Department approves that it can operate as a hospital under HFS Chapter 124. In addition, the hospital applicant must meet the *Wisconsin Rural Health Plan,* and the "Potential Pool of Applicants" selection criteria before proceeding with the application process.

3. The BBRA-99 permits reclassification of certain urban hospitals—located in metropolitan statistical areas—as rural hospitals, as defined in section 1886(d)(8) of the Social Security Act (42 U.S.C. 1395ww(d)(8)). A Wisconsin hospital located in an urban county may apply for Critical Access Hospital status if it satisfies any of the below-listed federal conditions, the *Wisconsin Rural Health Plan*, and the "Potential Pool of Applicants" selection criteria.

   "(I) The hospital is located in a rural census tract of a metropolitan statistical area (as determined under the most recent modification of the Goldsmith Modification, originally published in the *Federal Register* on February 27, 1992 (57 Fed. Reg. 6725))."

   Under this methodology, **two Wisconsin counties qualify: Douglas and Marathon**.

   "(II) The hospital is located in an area designated by law or regulation of such State as a rural area (or is designated by such State as a rural hospital)."

   A rural area is defined in Section 231.35(1)(d), Wisconsin Statute as follows: "Rural" means outside a metropolitan statistical area specified under 42 CFR 412.62 (ii)(A) or in a city, village or town with a population of not more than 14,000.

"(III) The hospital would qualify as a rural, regional, or national referral center under paragraph (5)(C) or as a sole community hospital under paragraph (5)(D) if the rural hospital were located in a rural area."

4. A hospital operating as a CAH must limit the length of stay for acute care inpatients not to exceed **an annual average of 96-hours per inpatient**. This requires that the hospital establish a system for recording inpatient length-of-stay data to determine: (1) the annual average length of stay (LOS) for each inpatient, and (2) to track, on a periodic basis, the LOS pattern to ensure that the annual 96-hour average is not exceeded.

If you have any questions about the above BBRA-99 amendments, please contact Lillian Redding, Project Director of the Wisconsin Rural Hospital Flexibility Program, at (608) 266-8482.